

ASX Release

30 July 2018

CALTEX REFINER MARGIN UPDATE (JUNE 2018)

Caltex Australia (ASX: CTX) advises its realised lagged¹ Caltex Refiner Margin (CRM²) in respect of CRM sales from production for the month of June 2018.

	June 2018	May 2018	June 2017
Unlagged CRM	US\$8.25/bbl	US\$12.02/bbl	US\$12.67/bbl
Impact of pricing lag positive/(negative)	US\$0.38/bbl	US(\$0.81)/bbl	US\$0.88/bbl
Realised CRM	US\$8.63/bbl	US\$11.21/bbl	US\$13.55/bbl
CRM Sales from production	555 ML	541 ML	504 ML

The June unlagged CRM was US\$8.25/bbl. This is below the prior month (May 2018: US\$12.02/bbl) and below the prior year monthly comparative (US\$12.67/bbl).

The June unlagged Caltex Singapore Weighted Average Margin was US\$11.00/bbl, which is below the prior month (May 2018: US\$11.93/bbl) and below the prior year comparative (June 2017: US\$12.36/bbl).

Brent crude oil prices drove a favourable US\$0.38/bbl pricing lag (May 2018: unfavourable US\$0.81/bbl pricing lag).

The June 2018 realised CRM was US\$8.63/bbl. This is below the May 2018 CRM of US\$11.21/bbl and below the prior year comparative (June 2017: US\$13.55/bbl). The June 2018 realised CRM is below the forecast CRM of US\$12.00/bbl included in the Unaudited 2018 Half Year Profit Guidance released on 12 June 2018 due to lower actual refiner margins in the second half of June 2018, higher crude premiums relating to a late June cargo, and lower yield due to a trip of the FCCU unit in the second half of June 2018. All issues with the FCCU were rectified in June, with no further complications or costs anticipated going forward. Despite this lower CRM in June, meaning Lytton EBIT will be lower than guidance, 1H 2018 RCOP EBIT for both F&I and Group remains within the guidance range advised in June.

Sales from production in June 2018 of 555 ML are above the prior month (May 2018: 541 ML) and above the prior year comparative (June 2017: 504 ML).

For the six months from 1 January 2018 to 30 June 2018, the average realised CRM was US\$9.70/bbl (2017: US\$12.59/bbl) with CRM sales from production totalling 3,156 ML (2017: 3,018 ML).

Period ended 30 June	2018	2017
Realised CRM	US\$9.70/bbl	US\$12.59/bbl
Unlagged CRM	US\$10.06/bbl	US\$12.36/bbl
CRM Sales from production	3,156 ML	3,018 ML

Notes

1. A fall in the Australian dollar crude price, particularly at the latter end of the month, produces a positive lag effect on the CRM (i.e. increases the CRM) and, conversely, in the event of a rise in the Australian dollar crude price, a negative lag effect occurs (i.e. reduces the CRM).
2. CRM represents the difference between the cost of importing a standard Caltex basket of products to eastern Australia and the cost of importing the crude oil required to make that product basket.

The CRM is calculated in the following manner:

Weighted Singapore product prices (for a standard Caltex basket of products)

Less: Reference crude price (the Caltex reference crude marker is Dated Brent)
 Equals: Singapore Weighted Average Margin (Dated Brent basis)
 Plus: Product quality premium
 Crude discount
 Product freight
 Less: Crude premium
 Crude freight
 Yield Loss
 Equals: Caltex Refiner Margin

The Caltex Refiner Margin is converted to an Australian dollar basis using the prevailing average monthly exchange rate.

CRM is just one contributor to the replacement cost of sales operating profit (RCOP) EBIT earnings (excluding significant items). Other items contributing to the RCOP EBIT include Transport Fuels volume and margin, Lubricants and Specialties volume and margin, Non-Fuel Income and Other Margin less Operating Expenses. Caltex resegmented earnings from first half 2018 into two new segments, Fuels and Infrastructure and Convenience Retail. CRM earnings are within the Fuels and Infrastructure segment. Additionally, pricing lag is now excluded from RCOP earnings, and is instead included in movement in inventory as a component of inventory gain/loss.

3. RCOP excludes the unintended impact of the fall or rise in oil and product prices (a key external factor) and presents a clearer picture of the company's underlying business performance. It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historic cost, including the effect of contract based revenue lags.

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Caltex Australia

A proud and iconic Australian company, Caltex [ASX:CTX] has grown to become the nation's leading transport fuel supplier, with a network of approximately 1,900 company-owned or affiliated sites. Caltex aims to be the market leader in complex supply chains and the evolving convenience marketplace by delivering the fuel and other everyday needs of its diverse customers through its networks. Caltex has safely and reliably fuelled the needs of Australian motorists and businesses since 1900. It operates as a refiner, importer and marketer of fuels and lubricants. Follow us on LinkedIn, Twitter and Facebook, and for more information visit www.caltex.com.au